

Washington State
Liquor Control Board
Strategic Plan 2005-2007

Vision, Mission, Values, Goals

Vision

Enhancing the quality of life in the State of Washington by effective enforcement of liquor laws while maximizing revenues through responsible alcohol sales.

Mission

The mission of the Liquor Control Board is to serve the public by preventing the misuse of alcohol and tobacco through controlled distribution, enforcement, and education; and provide excellent customer service by operating efficient, convenient and profitable retail stores.

Values

In conducting WSLCB business, we demonstrate:

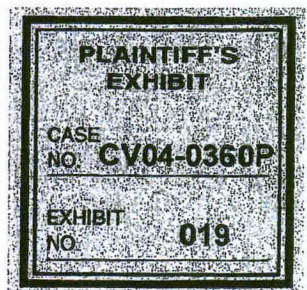
- Respect for people
- Honest and clear communication
- Professional conduct
- Accountability by honoring our commitments
- Involvement and inclusion of stakeholders and employees

Goals

- (1) Maximize revenues to the citizens of Washington.
- (2) Enhance public safety by enforcing liquor and tobacco laws.
- (3) Educate the public about the WSLCB mission and contributions to the community.
- (4) Recruit, develop, retain and value a high-quality, diverse workforce.
- (5) Modernize existing business systems and improve service delivery.

Statutory Authority

The agency's primary statutory authority derives from RCW 66.08.010. Within this title are RCW 66.08.012 (Creation of the 3-member Board); RCW 66.08.030 (Regulations and Scope); and RCW 66.08.050 (Powers of the Board). Two other statutes provide authority for enforcement and licensing activities: RCW 66.44.010 (Liquor Enforcement Officers) and RCW 66.24.010 (Licensing Provisions). More information on these statutes is listed in the appendix of this report.



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damage, premature death, crime and other social problems. There is a growing societal concern about the negative impact of alcohol abuse, as evidenced by much more stringent DUI laws, growing efforts to regulate alcohol advertising, increasing number of Alcohol Impact Areas, and growing numbers of community interest coalitions.

Balanced Mission

The WSLCB was established to fulfill a *balanced mission*, which under RCW 66.08.010 means the agency exists to meet *un-stimulated demand* for spirituous liquor and to *protect public safety* through licensing, market regulation, enforcement and education. As the state's population continues to increase, the demand for alcohol products will grow. Increased capacity in licensing, enforcement and education also will be needed.

Organization

The WSLCB is composed of a three-member board appointed by the Governor and confirmed by the Washington State Senate. Members serve staggered six-year terms. The board members work 60 percent time establishing agency policy and conducting regular meetings to enact rules and hear citizen and stakeholder concerns. An Administrative Director is in charge of daily operations.

Key WSLCB Divisions

The following divisions are engaged in direct customer service:

Retail

Purchasing (function collaboratively)
Distribution Center

Licensing and Regulation
Enforcement and Education

Four other divisions provide foundational support:

Human Resources
Information Technology Services
Financial
Policy, Legislative and Media Relations

Retail Business Plan

The Retail Business Plan appended to the Strategic Plan illustrates in greater detail how the agency can increase its revenue-generating capacity by adopting best business practices, improving customer service, opening new stores, relocating existing stores and developing better in-store merchandising strategies.

WSLCB's Economic Impact on Washington

Total operational activity measured in dollars is nearly \$600 million annually. In FY 2003, the WSLCB returned \$224 million in revenue to the state. This year the agency will return at least \$245 million. The aggregate annual economic impact of this operational activity on the state economy can be calculated as \$1.5 billion.

State Investment in WSLCB Recognizes Growth Potential

Since 2000, the WSLCB has sought and gained approval from the state for a series of improvements that have strengthened the agency's capacity to meet the challenges of future growth.

- *In 2000, the state approved a new operational model for the agency, by authorizing the appointment of an Administrative Director.*
- *In 2002, the Board reduced its hours to 60 percent, saving more than \$120,000 annually.*
- *In 2002, the agency developed its first Retail Business Plan.*
- *In 2002, a new Distribution Center, 10 years in planning and development, was opened in Seattle and is now operating at a 95 percent fill rate. The DC is nationally recognized for its innovative processes.*
- *In 2002, the agency began a broad review of its policies and risk management processes designed to produce continuous improvement in all aspects of its operations.*
- *In 2003, the Legislature approved the addition of five new stores to meet growing demand caused by growth in the drinking-age population.*
- *In 2004, the Legislature passed a bill giving the agency authority to set fees to recover costs associated with increased demand for licensing services.*

Performance Measures

Many positive performance indicators are evident as the agency moves forward. Sales performance has been especially strong in the first nine months of this fiscal year. As of March 31, 2004, for all classes of products (spirits, wine, cider, beer, alcohol):

- Gross dollar sales are up 9.21 percent compared to 2003.
- Case sales are up 4.84 percent, an increase of 142,518 cases.
- Liter sales are up 3.93 percent, an increase of 1,092,490 liters.

Other performance indicators:

- Fill rates at the Distribution Center are averaging 95 percent or better.
- Tobacco and liquor compliance rates are near 90 percent.
- Stores are meeting their budget goals.
- A simplified licensing procedure has reduced wait time 6 days. More than 30 license requests come in daily.

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REVENUE DISTRIBUTION 1994-2003 (in millions)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Cities	27.0	25.7	25.5	26.2	30.3	31.0	29.6	33.0	34.0	35.7
Counties	6.8	6.4	6.6	7.2	7.4	7.1	8.2	8.5	8.5	9.0
State	99.9	96.8	95.9	98.5	100.7	101.7	107.9	113.9	117.1	121.6
Border Areas	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3
DSHS	4.7	5.2	5.4	5.4	5.2	5.3	5.3	5.6	5.8	6.1
SPI	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Drug Enforcement	11.4	9.9	9.7	9.6	10.1	11.8	10.4	10.2	10.7	11.0
Health Care	11.9	11.6	20.3	20.7	29.2	37.6	35.8	35.3	37.6	38.7
Universities	0.7	0.8	0.8	0.9	0.8	0.9	0.7	0.6	0.8	0.8
Rapid Transit	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3
Wine Commission	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.4
Youth Tobacco Prevention									0.1	0.1
WSP Toxicology									0.2	0.2
Total	163.0	157.1	164.7	168.5	184.2	196.5	197.9	207.9	215.9	224.4

Challenges to Future Revenue Growth

- *State stores are intended to meet un-stimulated demand.*
- *State law forbids the agency to advertise or engage in product promotion through discounting.*
- *The state's two-year appropriation cycle slows the ability to respond quickly to a wide range of business challenges – to open new stores and relocate existing stores, for example.*
- *The uncertainty of the appropriations process significantly diminishes the agency's ability to plan and perform strategically.*
- *Employee hours allocated to support retail sales have been reduced.*
- *The Distribution Center will reach its operational limit in two years.*

Distribution Center Capacity Issues

The Retail Business Plan emphasizes the need for adding capacity to the Distribution Center during the next biennium. The WSLCB distributes spirits and wine to its more than 310 state and contract stores from the DC in Seattle. Designed for a maximum daily shipping volume of 17,500 cases, the warehouse is nearing its capacity during peak shipping periods. Shipping volumes are expected to exceed capacity by FY 2005, outstripping both equipment and labor resources. The chart below shows the trend in cases shipped with projections to 2011.

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